

P O. Box 421
Eureka, Utah 84628
(801) 433-6804
FAX (801) 433-6803

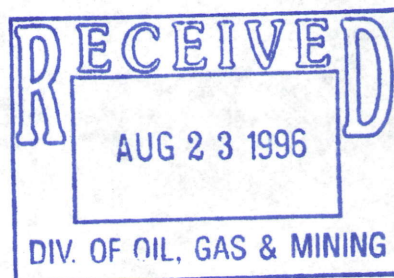
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North Lily Mining Company

August 21, 1996

State of Utah
Department of Natural Resources
Division of Water Quality
P.O. Box 144870
Salt Lake City, Utah 84114-4870
Attn: Dennis Fredrick



Subject: Revised grading and contouring plan for the heap leach pad at North Lily's Silver City operation.

Dear Mr. Fredrick:

In order for North Lily to meet seasonal dates, the following partial closure plan for grading and contouring of the heap leach pad is submitted for your consideration and approval. A comprehensive closure plan that will include a neutralization plan, a cover design, a vegetation plan, a leachate management strategy and fluid deposal plan will be forth coming and should be completed and submitted to your office on or before September 28, 1996.

Based on the Division of Water Quality's concerns from the July 12, 1996 partial closure plan the following modification will be made to the proposed grading and contouring plan:

The spillways on the down slope side of the heap leach pad will have a 6 inch cushion of finely crushed material placed in the bottom of the spillway. A four inch perforated pipe will be placed on top of the fine material in the bottom of the spillway to transport runoff from the graded and contoured heap leach pad. This cushion and perforated pipe will be overlaid by a filter fabric, coarse gravel and a ground cover that will support plant life. This system will route runoff to a passive biosystem reactor where effluent can be treated and released into a drain field. (The ground cover, passive biosystem reactor, and drain field will be designed and included in the comprehensive closure plan.)

The contour map (Map 2 of 7) submitted on July 12, 1996, has been modified to enable North Lily to illustrate and better obtain a 3 to 5 percent slope in what would have appeared to be a flat area. (See Figure 1) Cross sections from east to west and north to south will help illustrate grades. (See Figures 2 through 4)

North Lily would like to start the above described work within the next month. Your earliest consideration would be appreciated. If you have any questions or concerns please call or fax.

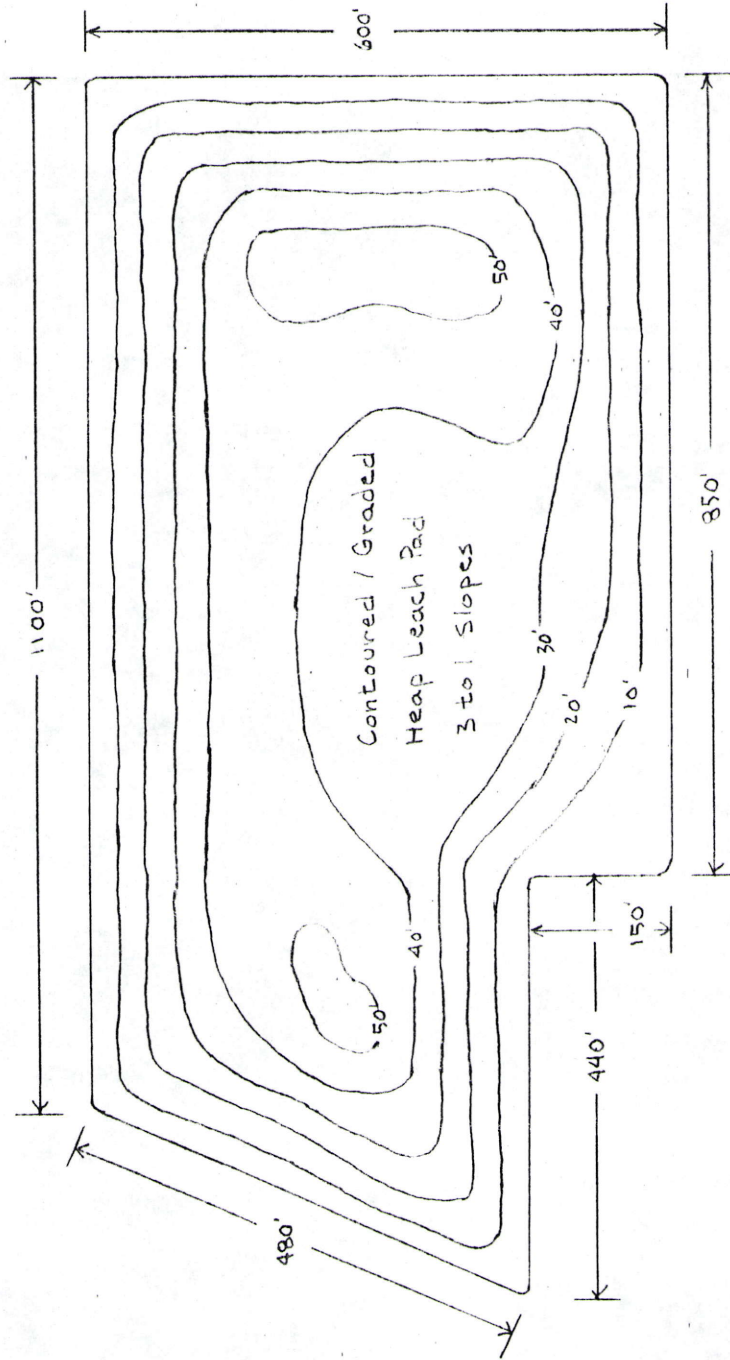
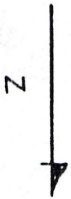
Paul C. Spor
North Lily Mining Company
390 South 600 East
St. George, Utah 84770
Phone/Fax 801-634-1584

Sincerely,

A handwritten signature in black ink, appearing to be 'P.C. Spor', with a stylized flourish at the end.

Paul C. Spor
General Manager

cc: Roger A. Foisy, Division of Water Quality
Tom Munson, Division of Oil, Gas, and Mining
Thomas E. Gast, Environmental Management Services Company (EMS)



Proposed Heap Leach Contour Map

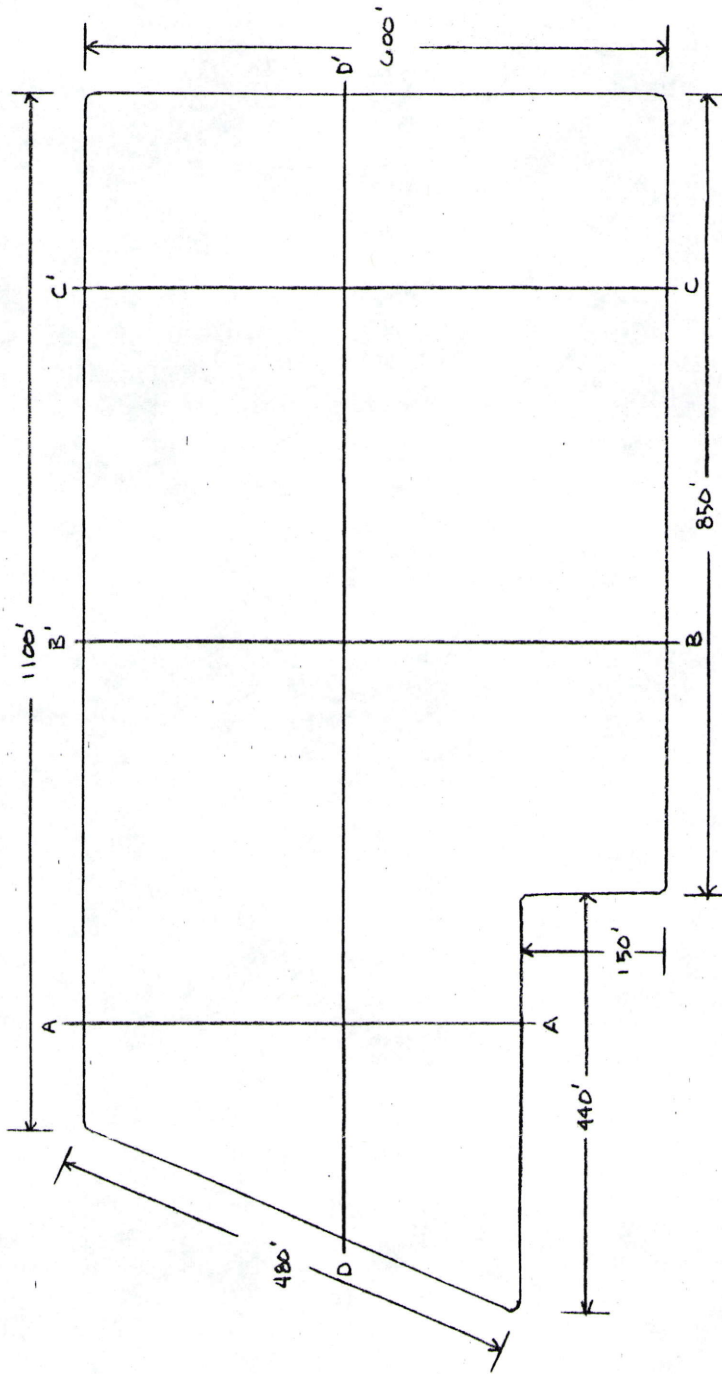
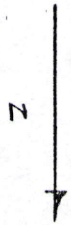
North Lilly Mining Co.

Scale: 1" = 200'

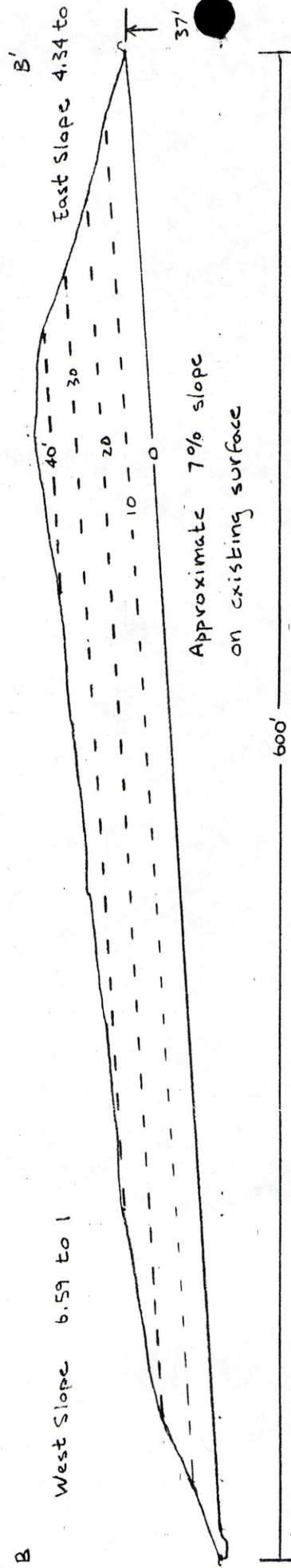
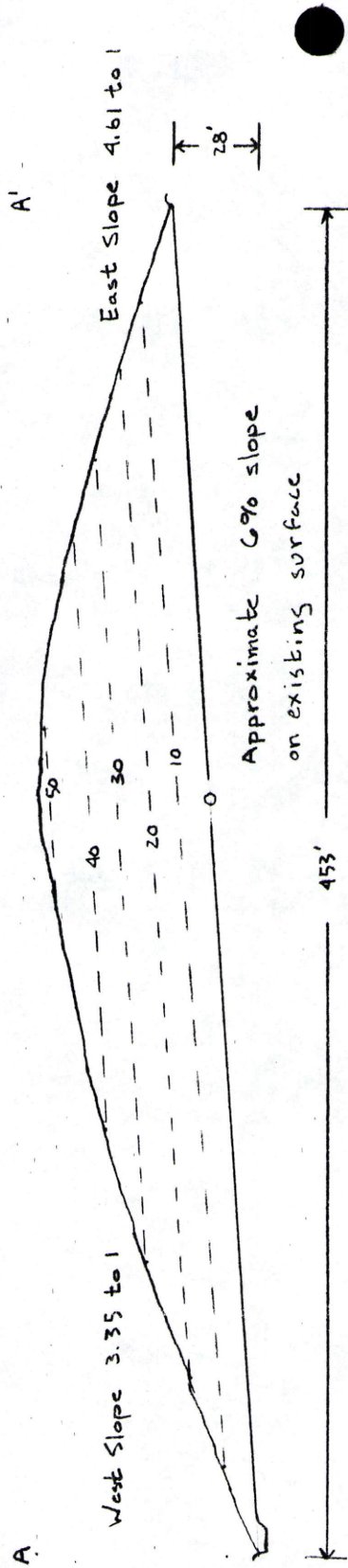
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Figure: 1 of 4



Cross Section Location Map
North Lily Mining Company
Scale: 1" = 200'
Date: August 1996
By: Paul Spor
Figure 2 of 4

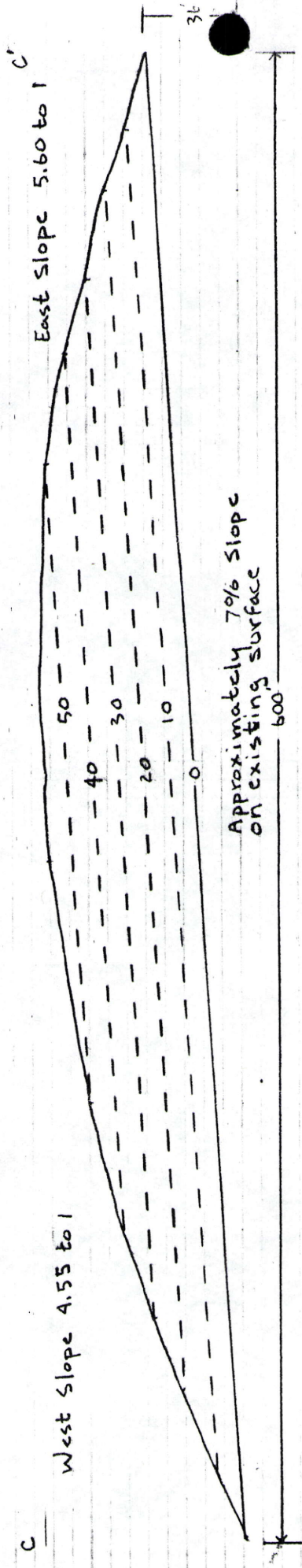


Cross Section A-A' & B-B'
North Lily Mining Company
Scale: 1" = 60'

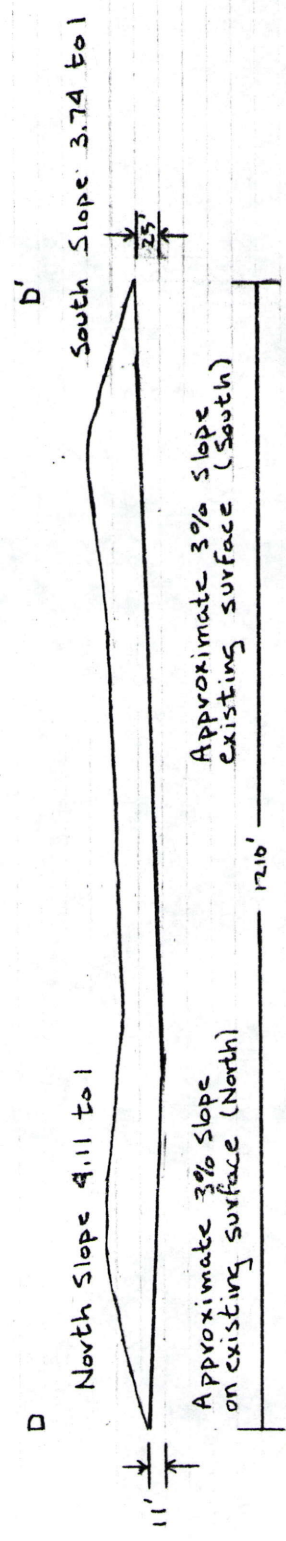
Date: August 1996

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Figure: 3 of 4



Scale: 1" = 60'



Scale 1" = 200'

Cross Section C-C' & D-D'
 North Lily Mining Company
 Date: August 1996
 By: Paul Spor
 Figure: 4 of 4